

**CITY OF MOUNTAIN VIEW  
MEMORANDUM**

DATE: February 18, 2010

TO: City Council

FROM: Kevin C. Duggan, City Manager

SUBJECT: FEBRUARY 23, 2010 STUDY SESSION—POTENTIAL OPERATING COST  
REDUCTIONS TO ASSIST IN BALANCING THE FISCAL  
YEAR 2010-11 GENERAL OPERATING FUND BUDGET

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**PURPOSE**

The purpose of this Study Session is for the City Council to begin reviewing and discussing potential service and operating cost reductions as part of the comprehensive strategy to balance the Fiscal Year 2010-11 General Operating Fund Budget. City Council feedback regarding this range of options will guide the preparation of additional information and ultimately the development of the recommended budget for Council consideration this spring.

**INTRODUCTION**

Since June 2009, the City Council has convened a series of Study Sessions to develop policy approaches and strategies to meet the challenges of the economic downturn and the City of Mountain View's General Operating Fund structural deficit, currently projected to be \$5.0 million for Fiscal Year 2010-11. At a budget workshop on January 26, 2010, the Council had a wide-ranging discussion about various budget balancing approaches and, fundamentally, whether or not it is realistic to achieve a structurally balanced budget next fiscal year.

At the City Council meeting on February 9, 2010, the City Council formally reviewed the major outcomes of the January 26 workshop (Attachment 1) and confirmed the general strategy to address the budget deficit. The Council concurred with the proposed "three-prong" approach to resolving the deficit that consists of reducing operating expenditures, increasing revenue and containing the growth in employee compensation and benefit costs.

This Study Session takes the budget development process to the next step by presenting the broad range of potential operating cost reductions developed by the department heads and a series of "global" operating cost reduction ideas that could also be

employed as part of the budget balancing strategy. The information is provided at a "high level" and more detail can be provided as desired by the City Council.

To give the City Council choices and flexibility, the sum of the potential options is greater than the amount required to correct the Fiscal Year 2010-11 projected structural deficit, if the full three-prong approach can be implemented. The degree to which these difficult and, generally, undesirable service reductions will need to be implemented will be determined by the amount of success achieved in the other two "prongs."

In addition to providing a list of options to structurally balance the Fiscal Year 2010-11 General Operating Fund budget, this report also identifies a series of potential mid-term and long-term options that could help achieve long-term financial sustainability for the General Operating Fund.

### **Refinement of the Projected Structural Deficit**

As part of the effort to reduce cost and achieve operating efficiencies, significant cost-saving actions have been taken or identified that reduce the projected Fiscal Year 2010-11 General Operating Fund deficit by \$945,000. These actions, described below, are recommended to be considered as "givens" as they reduce the structural gap that must be addressed by revenue increases, service reductions or compensation cost containment.

- Renegotiated Purchasing Contracts

The Purchasing staff has worked very hard over the past year to renegotiate and waive cost-of-living increases in services purchased by many City departments. Savings have been successfully negotiated in the City's janitorial, traffic signal maintenance, landscape maintenance, information technology maintenance, pest control, ranger services, downtown cleaning, laundry services, school crossing guards and more.

Estimated savings—\$100,000

- PERS Prepayment

The Public Employees Retirement System (PERS) payment is generally done after each payroll. As an option, PERS allows agencies to fund their annual actuarially determined contribution at the beginning of the fiscal year. If an agency prefunds its annual contribution at the beginning of the fiscal year in-lieu of payments throughout the fiscal year, the agency receives credit for these contributions and earns the PERS actuarial rate of return of 7.75 percent for the fiscal year. The

estimated savings is netted against the interest earnings the City would have potentially earned if the funds were paid throughout the fiscal year. The savings will vary depending on the City's investment rate of return. This option was not implemented earlier due to the losses being experienced in the PERS portfolio.

Estimated savings—\$170,000

- Internal Police Department Reorganization

The Police Department is in the process of restructuring their Patrol Team staff distribution to more effectively and efficiently deploy Officers, better matching staffing levels with demand for service. This restructuring includes deploying eight smaller Patrol Teams in place of six larger teams. This patrol structure allows a smaller span of control for Police Sergeants and provides for the elimination of the Police Agent rank in patrol staffing. Of the existing six Agent positions, three are eliminated and three are upgraded to Sergeant positions to supervise the two additional teams and provide leave-staffing coverage.

Estimated savings—\$512,000

- Allocate 0.5 of the Revenue Manager Position to Utilities

In Fiscal Year 2003-04, the Revenue Manager position was eliminated due to budget reductions taken in the first recession of the decade. In Fiscal Year 2008-09, the Revenue Manager position was added back through the elimination of other positions in the Finance and Administrative Services Department and is currently funded 100.0 percent by the General Operating Fund. As this position spends approximately 50.0 percent of its time managing the utility billing function, it is appropriate to charge 50.0 percent of the position to the Utility Funds.

Estimated savings—\$68,000

- Unfund 0.5 of the Emergency Medical Service Coordinator Position

The position has been vacant since last fiscal year and the Fire Department has determined that the work can be accomplished by a part-time employee or via contract. A recruitment process is underway and unfunding 0.5 of the position fully implements the change.

Estimated savings—\$70,000

- Reduce Fleet Fuel Budget

Reduces budget for fuel purchases. (Actual budget reduction will be \$36,000—based on Finance and Administrative Services' calculation that 70 percent of Fleet-related expenses are General Fund-related.) Fuel expenditures have been trending lower than budget.

Estimated savings—\$25,000

### **Refinement of the Three-Prong Approach**

With the efficiencies and adjustments identified above, the currently projected Fiscal Year 2010-11 General Operating Fund deficit is reduced from \$5.0 million to approximately \$4.0 million. Based on this update, the revised approach is as follows, understanding that the City Council can adjust the desired proportion among the categories as additional information regarding revenues and the potential for compensation cost containment emerges during the budget development process. Employee organization cooperation will be required to achieve the goal of compensation cost containment.

Operating Expense Reductions	\$2,000,000
Compensation Cost Containment	\$1,000,000
New Revenues*	\$1,000,000

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\*Achieved via increased cost recovery from existing fees.

### **Potential Global Budget Balancing Strategies**

Attachment 2 contains information about additional "global" budget balancing strategies. They are distinguished from the departmental options because they are not specific to a particular department. Total potential savings/revenues from these options is up to \$672,000.

### **Potential Departmental Service and Operating Cost Reductions**

Attachment 3 is a compendium of potential service reductions that could be implemented to reduce the structural deficit; organized by department.

The total projected General Operating Fund savings from these options ranges from \$3.3 million to \$4.3 million. As the "relatively easy" service efficiencies and reductions (and those less visible to the public) have been implemented in previous fiscal years, the

next round of reductions will be difficult and challenging; potentially requiring the unfunding of up to 37 FTE positions, including a number of currently filled positions. The potential reductions focus on maintaining public safety and protecting core services to the extent feasible. As a general overview, the potential reductions reduce customer service in a broad array of programs, potentially eliminate some services in their entirety and also reduce support to the City Council, City commissions and committees. The staff clearly understands that these reductions have unfortunate impacts on our residents, customers and employees.

### **Longer-Term Budget Balancing Strategies**

Attachment 4 focuses on a series of potential mid- to longer-term strategies. These strategies include potential expenditure and revenue options that generally cannot be achieved within the time frame of adopting the Fiscal Year 2010-11 budget. The strategy options for Fiscal Year 2010-11 are considered realistically implementable in order to address the structural deficit for the upcoming fiscal year. Recognizing that the City's multi-year financial forecast demonstrates that maintaining a balanced budget, even when once achieved, will be very challenging. It is clear that other actions will be required to secure the City's long-term financial sustainability.

It is recommended that the strategies presented in Attachment 4 be prioritized over the remainder of the budget process so that the highest-priority initiatives can be engaged once the upcoming fiscal year's budget plan is completed.

### **CONCLUSION**

In conclusion, this Study Session focuses on the range of potential operating cost reductions that could become part of a strategy to structurally balance the Fiscal Year 2010-11 General Operating Fund budget. The report also outlines a series of potential mid- to long-term strategies that will be needed to address future-year projected structural deficits and to achieve a sustainable General Operating Fund.

All of the options are difficult, reducing or eliminating valued community services and, in some cases, impacting long-term, valued City employees. As described in this report, the scale of the budget-balancing challenge is tempered to a degree by a refinement of the structural deficit that takes into account efficiencies, reorganizations and cost-saving actions implemented in recent months. The amount of the structural deficit will continue to be refined as more information becomes available in the coming weeks and months.

The recommended next step in the Fiscal Year 2010-11 budget development process is a March Study Session to discuss a possible revenue policy and to begin reviewing

specific revenue increase options. In addition, the March Study Session will be an opportunity for the Council to review responses to questions and additional information regarding the issues addressed in this report.

Prepared by:

Kevin C. Duggan  
City Manager

KCD/PJK/4/CAM  
546-02-23-10M-E^

- Attachments:
1. February 9, 2010 Staff Report—January 26 Workshop Outcomes
  2. Potential Global Budget Strategies
  3. Potential Department Operating Reductions for Fiscal Year 2010-11
  4. Potential Mid-/Long-Term Strategies



AGENDA: February 9, 2010

CATEGORY: New Business

DEPT.: City Manager

TITLE: Budget Development for Fiscal  
Year 2010-11

### RECOMMENDATION

Review the summary of outcomes from the January 26, 2010 Council budget workshop and provide direction to staff on the next steps in the process of developing the Fiscal Year 2010-11 budget.

FISCAL IMPACT—There is no fiscal impact in approving the recommended action.

### BACKGROUND AND ANALYSIS

The nature of the fiscal complexities facing the City has necessitated an earlier than normal budget development process. Council first met to discuss the Fiscal Year 2010-11 budget in late June 2009 and again in a Study Session on September 26, 2009. Most recently (January 26, 2010), the Council met in a budget workshop format to discuss the following subjects:

- Financial situation for the current fiscal year and projections for Fiscal Year 2010-11 and the following several years.
- Structurally balanced budget.
- Proposed principles to guide budget decisions.
- Suggested three-prong approach to reaching a structurally balanced budget.
- Categorization of City services into mandatory, commonly provided and unique to Mountain View.
- Cost recovery/fee for services.
- Long-term strategic initiatives.
- Community involvement.

Council discussed the subjects and provided initial input to staff in regard to them. This memorandum summarizes the input received from Council and suggests next steps and a proposed time line.

### **SUMMARY OF INPUT FROM BUDGET WORKSHOP**

While there was no formal or informal vote taken at the budget workshop, staff believes the following summarizes the input provided:

- A variance of opinion among Councilmembers regarding whether or not there needs to be a structurally balanced budget achieved for Fiscal Year 2010-11. Some Councilmembers feel that it needs to be structurally balanced next year and others feel reserves can be used for another year if a clear path is established (that will take longer than July 1, 2010 to achieve) to close the deficit in the following fiscal year.
- General agreement that the proposed principles may be helpful in making budget decisions; however, without weighting them, it may be difficult to use for priority-setting purposes.
- Consensus that a three-prong approach (reduction in operations, increasing revenue and employee concessions) is a good approach; however, that does not necessarily agree with the percentages attributed to each.
- Desire for operational reductions to be presented in terms of impacts on service rather than on individual reductions.
- Agreement that work done to categorize the City services is helpful (recognizes the subjectivity in making designations) and no further work is desired on it at this time.
- A consensus that staff needs to look closely at increasing revenue and there is a general interest in having staff develop a draft policy to guide decisions on setting fees for service. There is a difference of opinion on which recreation fees to increase the cost of recovery of City costs. An interest for the "market" to be inclusive of similar cities in terms of demographics, location and population. There is specific interest in making sure that the City differentiates between residents and nonresidents and that the later fee is not less expensive than what a nonresident would pay for a like service in their own community.
- Consensus expressed to not consider placing a tax measure increase on the November 2010 ballot.
- Interest was expressed in pursuing long-term initiatives—with more consensus needed to designate the priority of long-term initiatives to be evaluated.



- A desire that staff continue to provide information to the community on the budget process and via Council meetings where the budget will be discussed and to enhance the information presence on the City's web site. Additionally, staff is to use the General Plan community e-mail list to communicate regarding the budget process and meetings. Staff is also to use the City's "Ask Mountain View" as a way to attract comments and suggestions regarding the budget.

### **NEXT STEPS**

It is clear that the budget development process will continue to be iterative in nature. Staff is proposing that the next step be a budget workshop (Study Session) on February 23, 2010. During this workshop, staff will present a range of potential expenditure reductions that have been developed in a deliberative process with the department heads. It is anticipated that Council will provide feedback at the meeting and seek additional information to be provided at a later meeting. The February 23 Study Session is not intended to be the time to make final decisions regarding this range of potential options.

This Study Session would be followed in late March with another Study Session, at which time staff will provide information that was requested at the February 23 meeting, a proposed cost recovery policy and information on other revenues. Further Study Sessions will be scheduled in April as required and the City Manager will recommend a proposed budget to Council for both the General Fund as well as other funds.


### **CONCLUSION**

Council has given staff input into several key areas that will impact the development of the Fiscal Year 2010-11 budget. It is helpful for Council to review the summary of Council input from the January 26, 2010 budget meeting and indicate any additional guidance on the fundamental budget issues. Staff will present Council a range of potential programmatic/service reductions for discussion purposes at the next budget Study Session scheduled for February 23. It is anticipated that the budget development process will continue with Study Sessions in late March and April with a recommended Proposed Budget being presented to Council in early May.

AGENDA: February 9, 2010  
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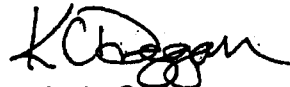
PUBLIC NOTICING—Agenda posting.

Prepared by:

Handwritten signature of Nadine P. Levin in cursive script.

Nadine P. Levin  
Assistant City Manager

Approved by:

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Kevin C. Duggan  
City Manager

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608-02-09-10M-E^

## POTENTIAL GLOBAL BUDGET STRATEGIES

- Charge Internal Water Use a Wholesale Rate Instead of a Retail Rate: \$300,000

Currently, the City pays retail cost for the water the City uses to water parks and for other public facilities. Charging this water at the wholesale rate instead of the retail rate could create savings of up to \$300,000 but would result in a water rate increase of up to 2.0 percent.

- Eliminate General Operating Fund Support to Nonprofit Agencies:  
Up To \$272,000

The General Operating Fund supports a number of nonprofit agencies, including CSA—Senior Meals, Health Trust, Junior Achievement, May View Community Health, etc. (see attached listing) for a variety of services. If the Council were to reduce funding 10.0 percent across the board, this would result in \$27,200 in savings. A reduction of 50.0 percent of funding would result in savings of \$136,000. General Fund contributions to the nonprofit agencies of Community Health Awareness Council, Community School of Music and Arts, and KMVT were not included in the reductions above as the City has certain obligations (e.g., Joint Powers Agreement or other partnership) for some services.

- Replace Social Security for Hourly Employees with Public Agency Retirement Services (PARS)—Alternate Retirement System (ARS): Up To \$100,000

To enroll hourly employees in PARS—ARS instead of Social Security, a minimum contribution of 7.5 percent is required, to be split in any manner between the employer and the employee. The employee's contributions are portable and they are immediately vested. General Operating Fund savings will depend on the employer contribution level.

## FUNDING OF NONPROFIT AGENCIES

<u>AGENCY</u>	2009-10 <u>Adopted</u>
<u>General Operating Fund Funded:</u>	
Community School of Music & Arts	\$ 15,490
CSA - Senior Meals	33,054
Health Trust (Home Delivered Hot Meals)	3,900
Junior Achievement	5,000
MayView Community Health Center	36,500
Project Sentinal - Fair Housing Services	15,000
Santa Clara Family Health Foundation	12,180
Support Network for Battered Women	32,000
Catholic Charities Long Term Care Ombudsman	8,000
Parents Helping Parents	5,000
Day Worker Center	10,000
Project Sentinel	91,944 (a)
Youth Sports Fee Waiver	4,000 (a)
General Operating Fund Total	<u>\$ 272,068</u>
 <u>Joint Powers Agreements or Other Partnerships:</u>	
Community Health Awareness Council	\$ 85,078
Community School of Music & Arts	
Arts in Action	52,259 (a)
Music in Action	24,800 (a)
United Way 2-1-1 (limited-period for 3 years)	10,000
Joint Venture:Silicon Valley	20,000 (b)
KMVT	70,000 (a)
Total	<u>\$ 262,137</u>
 Total Nonprofit Agency Funding (non CDBG)	 <u><u>\$ 534,205</u></u>

(a) Part of the City's operating budget, not requested by an Agency during the CDBG Public Hearing.

(b) Funded by the Shoreline Regional Park Community Fund.

**POTENTIAL DEPARTMENT OPERATING REDUCTIONS  
FOR FISCAL YEAR 2010-11**

**CITY CLERK**

- Reduce Customer Service and City Council Support: \$45,000

The City Clerk's Office will no longer be able to support the scheduling, logistics and coordination of City Hall meeting rooms by outside agencies or organizations. City Council administrative support would also be reduced.

**TOTAL: \$45,000**

**CITY ATTORNEY**

- Reduce Code Enforcement Services by 50.0 Percent: \$125,000

Currently, staff responds to a complaint within five days of receiving the complaint. With the potential reductions, response times will increase significantly due to workload. Code enforcement actions will focus almost exclusively on life safety and zoning issues. Neighborhood preservation complaints such as front-yard storage, private-property parking complaints, signs and weeds would be considered lower-priority complaints and will result in some increase in the number of out-of-conformance properties.

**TOTAL: \$125,000**

**CITY MANAGER**

- Reduce the City's Multilingual Outreach Program: \$12,800

The impact of reducing the program will be to limit the ability to interpret and translate (at meetings and written communications) in Russian and Chinese and would require the reliance solely on volunteers to provide Russian, Chinese and to supplement the capacity in Spanish interpretation and translation.

- Restructuring of the City Manager's Office/Employee Services Department: \$42,200 to \$150,000

Restructuring the City Manager's Office and Employee Services Department will take advantage of efficiencies that will result in reduced staffing at the professional/managerial level as a result of retirement(s). The impact of the restructuring will result in reassigning some functions and tasks elsewhere in the

organization, reducing youth services coordination, limiting staff support to committees and commissions, reprioritizing current workload that will likely result in changes in timing and scheduling of certain work products and activities.

**TOTAL: \$55,000 TO \$162,800**

## **EMPLOYEE SERVICES**

- Reduce Capacity in Recruitment and Training Support: \$62,000

The Employee Services Department would have less capacity to support hiring and promotional activities and may reduce the frequency of certain training and employee development activities.

**TOTAL: \$62,000**

## **FINANCE AND ADMINISTRATIVE SERVICES**

- Reduce Contractual Services Funding: \$79,800

The City previously used a phone consultant to manage the City's phone lines and bills. This proposal transfers responsibility and management of the telephone system to the Information Technology Division. This may result in longer response times for traditional Information Technology service requests from City departments. Also included in these reductions is funding for the City Auditor to use for outside consultants in completing tasks assigned by the City Council. This service reduction will require the appropriation of additional funds as they are needed.

- Reduce Internal Support Services: \$116,700

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers.

Although work will be reallocated to other staff to the extent feasible, there will likely be service-level declines in a variety of support functions. There will likely be delays in reconciling accounts, responding to customer service requests as well as delays in completing job requests in the Copy Center and Document Processing Center. Some copying jobs could be required to be outsourced, and there will be less flexibility and coverage during absences of vacation or illness.

**TOTAL: \$196,500**

## COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$277,500

Reduces day-to-day management and strategic oversight of planning services, potentially prolonging implementation of the General Plan. Also reduces resources to support processing and analysis of development proposals, including specialized consulting services such as Development Review Committee architects, traffic consultants and Geographic Information Systems expertise.

The Community Development Department may be able to compensate for these reductions; however, additional resources will likely be required if land development activity increases and the General Plan shifts to an implementation phase.

- Transfer Administrative Support to the Building Division: \$24,500

This is an internal realignment of staffing to provide more support to Building Division administrative functions, freeing up other Building Division personnel to focus on service delivery and cross-training.

**TOTAL: \$302,000**

## PUBLIC WORKS

- Reorganize the Public Works Department Administrative Support and Transportation Sections: \$189,200

Reduces staff resources to support the Bicycle/Pedestrian Committee, Council Transportation Committee and Council Environmental Sustainability Committee—all three will meet on a quarterly basis. Administrative support to capital project management will also be reduced.

To provide the level of staff support required by the Council High-Speed Rail Committee during this period of peak activity, a limited-period (two years) Project Manager-level position will be needed at an estimated annual cost of approximately \$146,000 in temporary funding.

- Reduce Street Maintenance Operations: \$33,100

Reduces resources for preventive street maintenance resulting in a 15.0 percent to 20.0 percent reduction in pavement repairs. Other Streets Section activities (crack sealing, sidewalk repair, streetlight repair, sign replacement, street sweeping, etc.) would not be affected.

- Reduce Land Development Support in the Land Development Section: \$50,000

Reduces resources to respond to assignments not required by State law to be processed within specified time frames (e.g., excavation permits for residential and commercial developments that do not involve subdivision of land, excavation permits for utility companies, lot line adjustments, residential and commercial building permit reviews, requests received at the front counter, etc.). May also impact the section's ability to support the General Plan update and EIR.

- Reduce Traffic Engineering Support in the Traffic Engineering Section: \$20,000

Limits the number of Neighborhood Traffic Management Program (NTMP) projects to four projects per year (currently unlimited) and sets four as the minimum number of years required to revisit proposed NTMP projects that failed to meet the minimum screening criteria (currently one year). Also reduces resources to respond to residents' traffic-related inquiries and section review of improvement plans related to residential and commercial developments that are not required by State law to be processed within specified time frames.

- Reduce Facilities Maintenance Services: \$168,400

Reduces capacity to respond to and complete repair and maintenance-related work orders and requests at City facilities.

Reduces resources to perform both general preventive and skilled maintenance and repairs on heating, ventilating, air conditioning, and refrigeration control systems at City facilities. Some of the general HVAC maintenance functions could be shifted to other Facilities Maintenance Workers, further increasing their workloads, delaying other requested/required maintenance and repair functions, and potentially lengthening preventative maintenance cycles. For more complex and/or urgent HVAC maintenance and repairs, additional contract services may be required.

- Eliminate Dedicated Graffiti/Shopping Cart Abatement Program: \$54,700

Field crews would respond to shopping cart incidents when hazardous conditions are identified. Graffiti incidents would be addressed on an as-time-permits basis and will result in delayed response to graffiti clean-up. Water utility-related functions (e.g., special water meter reads, delinquent account notices, service turn-ons/turn-offs, etc.) would be absorbed by other water utility staff.

**TOTAL: \$515,400**



## COMMUNITY SERVICES

- Reduce Administrative Support: \$99,000

Administrative support functions would be assigned to other staff to the extent feasible.

- Discontinue City Participation in Deer Hollow Farm: \$110,000

Deer Hollow Farm is a unique program operated by the City in partnership with the County of Santa Clara and the Midpeninsula Regional Open Space District (MROSD). Mountain View operates the facility, the MROSD provides maintenance staff, the County provides an annual cash contribution and additional revenue is received from camps and classes. The total program direct cost is \$250,000 (from all three funding agencies). The City withdrawing from the partnership could result in the closure of the Farm and would affect the approximately 5,000 students who participate in educational camps and classes as well as casual visitors. Depending on the program, between 40.0 percent and 80.0 percent of these students are from Mountain View.

- Reduce Ranger Contract Services, Overtime, Supplies and Reallocate Positions in the Parks Division: \$111,700

Reducing ranger hours will reduce the ranger presence in Cuesta and Rengstorff Parks to patrol and enforce park rules. This may require additional support from the Police Department to handle incidents outside ranger patrol hours. With these reductions, ranger hours will return to pre-2007-08 levels. Reductions in staff overtime and other accounts will make it more difficult to manage fluctuations in workload, special requests, storms and emergencies. The reallocation of positions from the General Operating Fund to the Shoreline Community is a technicality to more accurately charge employees' time.

- Eliminate Dedicated Weed Abatement Program: \$105,200

Decentralizing weed abatement and adding it to the workload of other employees will result in more weeds in City parks and medians as the maintenance priority is park safety and cleanliness. Park and roadside aesthetics will be affected and there will be additional burden on supervisors to train and monitor staff in the safe application of pesticides.

- Reduce Downtown Maintenance and Roadway Landscape Maintenance: \$119,000

The frequency of Castro Street high-pressure steam cleaning would be reduced from 16 to 9 times a year and steam-cleaning Centennial Plaza would be

eliminated. Decreased cleaning will affect the cleanliness and aesthetics of the downtown. Maintenance and service level reductions in roadway landscape will increase workloads and reduce trim cycles, resulting in less attractive medians and increased plant mortality over time.

- Reduce Tree Trimming Cycles or Eliminate Maintaining City Street Trees Behind Monolithic Sidewalks: \$264,000 to \$325,000

One approach is to reduce tree trim cycles from an average of every 7 to 10 years to 9 to 12 years, relying more on contract service for tree trimming, tree removals and routine service requests. (Note: The City maintains a current total tree inventory of 28,000 trees (19,000 of these are street trees), with plans to add 5,000 more.) An alternative approach is to transfer maintenance of the 12,800 City street trees located behind monolithic sidewalks to property owners. This reduces the street tree inventory maintained by the City from 19,000 trees to 6,200 trees. Either option reduces the City's ability to provide prompt customer service, plant new trees, water younger trees, remove debris, respond to emergencies and might affect the City's "Tree City USA" status.

- Reduce Center for the Performing Arts Client Technical Support Services and Frequency (Distribution) of *Preview* Magazine Mailings: \$99,800

Reduces the ability for Performing Arts staff to train clients, staff and volunteers in the proper and safe use of systems, spaces and equipment. Technical consultations would be eliminated, except on a cost-recovery basis, potentially impacting smaller, nonprofit clients. City-sponsored events would also be required to pay for direct out-of-pocket costs. On-line marketing efforts would be increased and the number of *Preview* magazines printed and mailed would be reduced.

**TOTAL: \$908,700 TO \$969,700**

## **LIBRARY**

- Reduce the Materials Budget: \$50,000

Reduces the quantity of new materials added to the collection and the number of multiple copies of popular items. Library customers will have longer waits for popular books and DVD titles and old, worn-out materials will not be replaced as quickly.

- Eliminate General Operating Fund Support of Mobile Library Service: \$97,000

The City recently received a \$75,000 grant that will allow mobile library service to be continued at a reduced level in Fiscal Year 2010-11. While this will preserve

basic services, the number of facilities (primarily businesses, day-care centers and senior facilities) receiving service will be reviewed and some sites may receive less frequent stops. If additional grant funding is not obtained in future years, the Mobile Library Service Program will be discontinued unless supplemental funding is identified.

- Reduce Public Services and Programs: \$93,000

Library customers will experience longer wait times for services as fewer staff resources will be available.

- Reduce Library Hours: \$150,000

Reduces funding for the hourly support that allows the Library to operate 7 days, 64 hours per week. This reduction will result in the need to reduce Library operating hours 6 to 8 hours per week (with days and hours and affected services to be determined).

**TOTAL: \$390,000**

## **FIRE**

- Reduce Fire Outreach/Education/Media: \$121,800

Reduces capacity of the Fire Department to conduct outreach to the community in the area of fire prevention and emergency preparedness, through public education and engagement. (Basic emergency preparedness planning and training will be continued, including CERT.) The ability to handle media inquiries or proactively engage the mass media to communicate prevention and preparation information will be reduced. Returns staffing and services for this function to the level prior to Fiscal Year 2007-08.

**TOTAL: \$121,800**

## **POLICE**

- Reduce Community Services Officer Staffing: Up To \$785,300

The range of potential reductions will change the department response to certain incidents affecting customer service in nonsafety areas. Certain categories of crime reports with no suspect information, traffic collisions with no injuries, as well as service-related reports would be deferred to Internet reporting, phone reporting or counter reporting instead of assigning a Community Services Officer or Police Officer to take the police report.

Reductions to the Traffic Team would reduce the department's ability to locate, tag and remove abandoned vehicles from the roadway and respond to community complaints in a timely fashion.

Reductions in the Property and Financial Crimes Unit would preclude intensive follow-up to obtain financial records and evidentiary information to assist identifying theft victims. The department would have to divert about 100 cases to other investigative resources which may not have the capacity to absorb them, or limit the number of fraud investigations through policy changes involving solvability, dollar loss or other factors. Some crime victims would not have their cases investigated. The cases that with current staffing are followed up (but in this scenario would not) are infrequently prosecuted.

Reductions in the Crime Prevention Unit would affect security inspections, community outreach events, False Alarm Program and Neighborhood Watch Program. The Police Department would likely eliminate some programs, reassign some programs or request part-time resources to perform some of the functions.

The degree of impact would be determined by the number of positions eliminated. It is recommended that if only a portion of the Community Services Officer positions are eliminated, the Patrol Division positions be the last positions reduced.

These changes affect service levels, but not community public safety.

- Reduce Police Assistant Staffing: \$142,100

Service level impacts include less availability for people who have had their vehicle impounded to schedule a tow impound hearing to evaluate if their vehicle may be released to them.

Data collection and administrative support for the Traffic Sergeant will be eliminated, requiring the Sergeant to absorb the workload, reducing time available for traffic enforcement.

In Crime Analysis, there would be less frequent distribution of crime bulletins to assist in finding suspects, vehicles, etc. The reduced capacity to enter police reports into the computer system means some information may not be available for other criminal investigations.

In Investigative Services, the resources to locate missing persons and make contact with their families will be reduced, as will capacity to provide administrative support to the monitoring of registered sex offenders. This work will transfer to

Detectives to prioritize with their existing caseload, which will impact customer service.

- Reduce Records Section Staffing: \$343,600

Reduces the open hours for the public of the front counter of the Police Department and increases the time to turn around records requests to internal and external customers.

- Eliminate Police Athletic League (PAL) Staffing: \$25,000

This would have Mountain View PAL operated as a fully volunteer organization or have donations and/or grants cover the cost of any paid staff. This could significantly reduce the number of programs and events by Mountain View PAL.

- Reduce Administrative Support: \$99,000

Reductions to administrative support would shift responsibility and tasks to other administrative personnel and sworn staff. There will be slower turnaround on many projects and administrative assignments. Public service impacts may include less availability of "live" personnel answering the business line phones and the need to implement automated phone answering technology.

**TOTAL: \$609,700 TO \$1,395,000**

**TOTAL OF ALL ITEMS: \$3,331,100 TO \$4,285,200**

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## POTENTIAL MID-/LONG-TERM STRATEGIES

### Expenditures:

- **Containing the Growth of Enhanced/New Services:**

Until the City's fiscal condition is stabilized, the growth in, or enhancement to, General Operating Fund-supported services will need to be contained. Unless a dedicated funding source for a new or enhanced service can be implemented, the addition or enhancement of services will either result in a further reduction of other services or an increased structural deficit. While there will always be service areas that can be enhanced to better serve the community, the funding of these added or enhanced services appears unaffordable for the foreseeable future.

- **Containing the Growth in Annual Compensation Cost Increases:**

The primary driver in annual expenditure cost increases is compensation. In order to maintain the City's financial stability, the annual growth in compensation-related costs (salary and benefits) will need to be contained to match the City's ability to pay. The City will need to be cautious in committing to negotiated compensation increases to assure that they are affordable and within the City's means.

- **Containment of Long-Term Benefit Cost Increases:**

The City has been, and will continue to be, challenged to fund the long-term obligations relating to long-term benefit costs—specifically the PERS pension obligation and the Retirees' Health Insurance Program. These two benefit areas represent the greatest challenge to the City's long-term financial stability. Future cost escalations relating to these two programs threaten the City's ability to maintain appropriate service levels as well as the ability of the City to fund other aspects of compensation, including those related to salary and other benefit areas. Without structural changes to both programs, the City's financial future will be very challenging.

- **Deferring Capital Improvement Projects Requiring Increased Maintenance and Operating Costs:**

Caution will need to be exercised in proceeding with capital improvement projects that increase operating and/or maintenance costs. While some projects do not increase costs (or, such as energy conservation projects, can even decrease operating costs), many do. For example, the two neighborhood parks currently under design will require either an increase in the City's financial commitment to park

maintenance or, more likely, will result in an incremental decrease in the quality of park maintenance throughout the system as existing resources are further stretched. Until the City's fiscal condition is stabilized, there should be a thorough assessment of the operating cost of new facilities prior to proceeding with such projects.

- **Workers' Compensation Insurance Program Administration:**

Based on a preliminary analysis, there may be operational and policy changes that could be implemented to help manage costs associated with the Workers' Compensation insurance program. These could include greater use of "light-duty" programs and strategies to shorten the length of time that employees are off work. These changes have the potential to increase productivity and decrease costs, including those associated with backfilling temporarily vacant positions with overtime funds.

- **Additional Organizational Functional Consolidations/Reorganizations:**

While the City has a long history of evaluating and implementing functional consolidations/reorganizations to achieve greater efficiencies, we will need to continue to examine and implement such changes. The examination of potential structural changes that will help achieve greater efficiencies will continue to be a priority.

- **Alternative Service Delivery Models:**

There are a variety of alternative service delivery models that could be examined for some services currently provided "in-house" by City staff. These include:

- Contracting out to a private business service provider or nonprofit agency.
- Consolidating services through a contract or Joint Powers Agreement (JPA) with other area governmental agencies (other cities, school districts, etc.).

Potential examples include consolidating fire suppression services with the Santa Clara County Fire Department or forming a North County Fire JPA. Contracting out the operation of the Shoreline Golf Links and/or the Center for Performing Arts are other examples of potential alternative service delivery models. The escalating costs associated with our animal control contract with Palo Alto and multiple public safety specialty services (such as fire department hazardous response teams or police department SWAT teams) are also areas for potential review.

The Santa Clara County City Manager's Association is beginning to design a process to undertake a review of potential areas for joint service delivery.

- **Fire Department Minimum Staffing Requirement:**

Unlike any other City service, there currently exists a "minimum staffing" requirement in our bargaining agreement with the Firefighters' local. This states that the City is required to maintain 21 Firefighters on duty at all times. In the case of other City services, the City retains the right to determine staffing levels based on need and affordability. The budget provides for "overstaffing" of each of the three daily shifts by two Firefighters to provide for vacation, sick leave and other leaves. However, whenever vacation, sick leave or other leaves reduce the level of staffing below 21, staff is called back on overtime. This cost amounts to approximately \$1.0 million per year. Without minimum staffing (or reducing the minimum to 19), it would be possible to save a substantial portion of these costs while maintaining full staffing on each of the City's five fire engines. This may require taking the two-person rescue unit out of service when below 21 Firefighters on duty or some other service delivery/staffing configuration modification.

**Revenues:**

- **Voter-Approved Tax Measure:**

The City has primarily depended on expenditure reduction/management to deal with significant budget challenges. While there have been some changes in regard to fees and charges (cost recovery), unlike many other local cities, Mountain View voters have not been asked to supplement City revenues via a tax measure. As expenditure and service cuts become more difficult, the City Council may choose to ask the voters if they would prefer a tax measure revenue increase versus additional service reductions.

Options available include increasing the rate of the Utility Users Tax, increasing the local Sales Tax rate, increasing the Transient Occupancy Tax rate and modifying the Business License Tax structure. While the amount that can be raised varies significantly between these options, some could significantly enhance the General Operating Fund's current revenue base.

- **Economic Development:**

The City's economic development efforts must continue to be a priority in order to maximize local economic growth and revenue development. City assets, including City-owned properties, should be used to the greatest extent feasible for revenue enhancement.



- **Lighting and Landscape District:**

A Lighting and Landscape District can provide funding for services to a portion of a city or an entire city. Many communities have established such districts to fund services such as street landscaping maintenance, street tree maintenance, streetlight maintenance, etc. Unlike tax measures, a public vote is not required. However, notification of all property owners and the ability to protest (with a majority protest defeating the proposed district) is the authorization mechanism.

- **Downtown Maintenance District:**

The City's downtown area (Castro Street and adjoining streets) receives a higher level of maintenance than other areas of the community, including other commercial districts. Due to the higher level of maintenance and higher costs, it is not unusual to establish a specific funding mechanism to cover the costs of this higher service level paid for the property owners and/or businesses. Such charges can be via the Business Improvement District mechanism or a maintenance assessment district.

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